

Summary

By the beginning of the twenty-first century, globalization and international trade had become an area of controversy and hostility, resulting in streets overtaken by anti-globalization protesters in Brussels and other European cities. The never before seen flow of goods, capital and services, progressed at an unexpected rate, lifting people from poverty in only a matter of decades or starving out traditional industries that could not remain competitive. The modern day economy is one dominated by fast moving and ever changing industries, led by newer and faster technologies.

Globalization has caused increased economic interdependence between countries around the world. This has resulted in forcing policy makers to find new ways and control what seems the uncontrollable international trade, by forming international and supranational organizations such as the WTO and the European Union. The main cause was to ensure as best as possible, equal distribution of gains between economic groups, in national economies. But more recently, supranational policies have come under scrutiny, from a democratic point of view, thus questioning the legitimacy of such policies, at national and international level. The European Union is a prime example in this respect, as the complicated mechanisms employed by the EU and its Member States, to regulate the distribution of powers, has been called into question as being undemocratic. Under this view, trade policy formulation can be seen as a conflictual debate between democratic values of accountability and legitimacy and that of increased economic gains.

But trade is at the heart of the EU, it is the core around which the European Community began form, which have led to the creation of common values, competences and norms. The evolution of the EU in itself is remarkable; growing from an international agreement for Coal and Steel, between 6 countries which less than a decade before had been in the bloodiest war they had ever had; to a political entity of itself, somewhere between an international organization, an intergovernmental entity and a federal state.

In a continent ravaged by itself, under which states had to constantly fight amongst themselves for sovereignty, it is only natural that the nature of the EU would spark questions of its democratic effects. Thus, the delegation of sovereignty towards Brussels, in certain areas which had traditionally had been entirely national powers, such as trade policy formulation, has sparked a debate with regards to the accountability and legitimacy of the supranational institutions that have been born as a result. But the view is not one sided, there are also supporters of the notion that no democratic deficit is undergoing in the EU, as the EU is not a country or a state, but an instrument derived from the powers of its individual and sovereign Member States, used to pool influence together and conduct international policies with higher efficiency. This does not however validate the necessity for accountability and legitimacy of outcomes derived from supranational policies.

Trade policy is an area dependent on the international institutions and the international rules derived from them. Such institutional such as the EU try to limit the effects of globalization by creating a set of rules at international and supranational level, with the pooling of national sovereignty and weight of 27 Member States.

The world is sometimes said to have become smaller as a result of globalization, the same cannot be said about certain problems this development has brought with it. The EU could be seen as an answer to several problems in the world around us that requires collective solutions of a magnitude which individual states are unable to adequately provide on their own. To safeguard that the delegation of power and formulation of policy in these areas on an EU level is done with the whole society's interest in mind, it is necessary to consider them in the light of criteria of efficiency and legitimacy. When put to the test in this thesis the EU does seem able to fulfil them all.

Why then can the EU still be questioned from a democratic standpoint when it appears, according to the chosen theoretical approaches, to be able to maintain both legitimacy and efficiency in regards to trade policy making?

To reconnect the discussion to the wider debate on the democratic deficit of the EU, the major problem in my opinion is connected to the actual nature of the EU and what it constitutes. There is a difficulty in the assessment of how to understand the nature of the EU and the decisions made within it.

Those who have defended the democratic legitimacy of the EU in the deficit debate have often done so on arguments that the EU is an instrument for its member states, not an entity with a will of its own. The other frequent argument of this side is that the EU mostly enacts regulative policies and not redistributive ones. Neither of these arguments can be said to be entirely true today in relation to the increased legislative and control power of the European Parliament and the distributive nature of trade and trade policy in general. The side who have maintained that the EU lacks in democratic legitimacy and that it should be considered on the same premises as a state, has often called for increased power to the European Parliament to balance that of the Council and Commission.

As long as there will be disagreements over what the EU is supposed to be, federation or intergovernmental organization, there will be a debate on the democratic deficit. This should however be seen as an opportunity for a continuous evaluation of ideas, to revise and improve the institutional framework of the EU so that it is always evolving towards an ever increasing degree legitimacy and efficiency.

Ironically the steps taken in the Lisbon treaty to increase the transparency and accountability within the EU have brought its political system to increasingly resemble that of an ordinary state. This could be viewed as jeopardising the outcome legitimacy of the policies it produces. The fact that with the implementation of the Lisbon treaty considerable strides were made towards a more transparent and accountable European system by strengthening the position of the EU parliament in many areas and putting it on equal footing as the council on most legislative matters, including that of the Common Commercial Policy, could be argued to have put an increased emphasis to consider the public interest for the EU taken as a whole within trade policy.

What has often been pressed by the EU itself as its own fundamental common denominator are the adherence to liberal values by the member states such as freedom, democracy, human rights and liberty. These values are to a large extent connected to neo-liberal and capitalist worldviews in and of themselves. Sure such things could change with time, but right now it looks like the current and future economic and political climate strongly favours a public interest within trade policy that is in line with the one that is provided and safeguarded by the current structure of the institutional constraints of the EU.

The real danger of illegitimacy, in the context of trade policy, both from an EU perspective and its respective member states, would then be connected to the risk that the negative aspects of trade liberalization would adversely affect a specific or a minority of member states to a disproportionate extent. This is plausible since there are variations in how each member state economy is constituted and how dependent they are on extra EU trade. The EU economy as a whole might be very dependent on international trade while there will be variations within each member state.

In these cases it is not enough that the trade policy creates greater total welfare, it also needs to some extent benefit everyone because it's a shared sacrifice enforced on the EU as a whole. The lack of any real distributional mechanisms on the European level then becomes a serious problem for legitimacy. Distribution could take place under the auspices of other policy areas of the Union such as the CAP or through structural development funds but these are not directly connected to the trade policy. The creation of a more comprehensive European level distributional mechanism could be a solution to the issues in regard to the outcome legitimacy of EU trade policy.

The implementation of such a mechanism might not be considered either likely or in demand in the near future either by the governments of the EU member states or the European citizens themselves. What is certain however is that future changes within the EU would be adopted through a system of institutional processes that do allow the whole constituency to participate in the policy making process by giving them the ability to elect and hold policy makers accountable for their conduct both on a national and the EU level.

Key words:

European Union; Common Trade Policy; Legitimacy; Efficiency; Democracy; Democratic deficit; International Trade.

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